



Financial Management Update

Assistant Secretary of the Air Force (Financial Management & Comptroller)

April 1997

1. Omnibus Reprogramming. The Under Secretary of Defense (Comptroller) has asked the Service/Defense Agencies for input by 19 April 1997. The Air Force corporate structure will review/approve requirements in early April. Sources will then be vetted through the process to offset/match requirements. We'll keep you posted as we work through this and as more details are available. (Mr John Williams, SAF/FMBMC, DSN 225-4938)

2. Spring Execution Review. SAF/AQ is conducting their Spring Execution Review. The purpose of the review is to evaluate acquisition program execution, to realign funds which could be at risk based on execution, and to identify sources for corporate Air Force bills such as the Omnibus Reprogramming. The focus is on FY96/97 Research, Development, Test, and Evaluation, and FY 95/96/97 Procurement programs. While all programs may receive Spring Execution Review attention, only select programs will provide formal briefings. Briefings will begin on 26 March at the Pentagon and will conclude on 3 April at the Aeronautical Systems Center. (Mr Gregory Kuechler, SAF/FMBIM, DSN 224-4604)

3. O&M Budget Execution Report (BER). The BER submission suspense date was accelerated to 7 March 1997 to allow sufficient time to incorporate O&M requirements into the Omnibus Reprogramming action due to OSD by 19 April 1997. You responded superbly to the shortened time line. SAF/FMBO analysts scrubbed the submission in coordination with the

corporate panels. The requirements were racked and stacked by the Operating Budget Review Committee to determine priority and fund availability. Validated unfunded requirements to be recommended for the Omnibus Reprogramming action will be identified at that time. (Maj Witter, SAF/FMBOI, DSN 224-7510)

4. Contingency Supplemental. The Contingency Supplemental Bill continues to hover with little forward movement. Our total requirement for all appropriations is \$897.7 million—\$825.2 million (O&M) and \$72.5 million (MILPERS). We have received to date \$135 million—\$91.6 million (O&M) and \$43.4 million (MILPERS). The commands are cash flowing contingencies, but we have indicated to all that beyond 1 April 1997, commanders will need to begin to take measures that will allow us to survive until year-end (i.e. reductions in training, reduced facility maintenance, vehicles parked, deferred equipment maintenance, etc.). (Maj Witter, SAF/FMBOI, DSN 224-7510)

5. USD(C) Working Capital Funds Study Group. USD(C) is chairing a Congressionally-mandated study of improvements in the Working Capital Funds. The study group includes financial and functional senior-level experts from each Component, as well as many other Defense Agencies. Five subcommittees have been formed: Accounting Policies, Systems, and Practices; Cash Management; Interservicing and Defense Science Board Proposals; Stabilized Rates; and Setting Prices, Surcharges, and Requirements. The

Working Capital Funds Policy Board will approve all study recommendations prior to release for the Congressional committees in September. (Ms Pat Zarodkiewicz, SAF/FMBMR, DSN 224-3803)

6. FY98 President's Budget on CD-ROM/Print-on-Demand Test. Currently, we have provided Congress with either advance or final copies of budget justification materials for all appropriations. Additionally, we are moving forward with the OSD-directed CD-ROM/Print-on-Demand test in conjunction with the Defense Automated Printing Service (DAPS). This option will allow us to utilize print-on-demand for external distribution (i.e. the Hill and other government agencies/departments), as well as, provide an electronic version for internal DoD consumption. The Air Force should have completed its test submission in early March. The electronic version of justification material will be available for sale at the Defense Technical Information Center (DTIC) for the rest of the government, and available for sale to the public next year at the National Technical Information Service (NTIS). (Mr Doug Sutor, SAF/FMBMC, DSN 225-4938)

7. Air Force Implementation of DoDI 4000.19, Interservice and Intragovernmental Base Support Reimbursement. The transfer of funds due to the revision of DoDI 4000.19, dated 9 August 1995, has been completed and commands will see the results in their FY98 bogey. In the past, the host received funding on a reimbursable cost basis from non-Air Force tenants for com-

mon use infrastructure support. Based on the collection of incremental cost data, funding has been transferred to the host's direct O&M account via PBD 426, to pay for common use infrastructure support. Beginning 1 October 1997, Air Force host installations can only charge for incremental direct costs. This means that all interservice and intragovernmental support is only reimbursable to the extent that support for a tenant organization increases the host's direct costs. Costs associated with common use base infrastructure are non-reimbursable, except for support provided solely for a tenant. Also, all new and existing interservice and intragovernmental agreements must be renegotiated before 30 September 1997. This policy also applies to Air Force tenants on other DoD installations. AFI 65-601, Vol. I, Chapter 7, will continue to provide funding guidance when implementing Air Force to Air Force host/tenant support agreements. (Maj Mike Shaw, SAF/FMBO, DSN 224-5943)

8. AF Suggestion Program Name Change. AF/CVA approved changing the AF Suggestion Program to the Innovative Development through Employee Awareness (IDEA) program, effective 1 October 1997 (FY98). This program has a vision to create a single employee involvement program, streamlined evaluation process, simplified and accelerated awards, and centralized idea pool, all made possible by an interactive on-line system. Over the years, we have built an excessively bureaucratic program within the Air Force. Although our people were still willing to work through the red tape, as evidenced by our \$213M savings in FY96, the Air Force realized this program has potential for much greater benefit. Currently, SAF/FMB and DFAS are working closely in trying to enhance the tracking of IDEA program dollars with a tentative completion date for the summer of 1997. Stay tuned for additional details in the near future.

(TSgt Mike Harar, SAF/FMBOP, DSN 224-5948)

9. Financial Information Resource System (FIRST) Project Status. The FIRST PMO is continuing to refine system requirements for the Phase I—Funds Management System, with the Single Area Manager (SAM) software development team. Requirements have been baselined for the Funds Management System, however, the overall FIRST architecture team is still defining the system architecture that will affect all FIRST software development. Additional definition is required in security, communications, remote administration, electronic software distribution, and physical/logical computer server configuration environments. The SAM development team will provide a schedule and software development plan to the FIRST PMO in the near future. The FIRST PMO will provide the field with a schedule soon thereafter. (Mr Dennis Bryson, SAF/FMBMA-S, DSN 596-1446)

10. Federal Managers' Financial Integrity Act. The final coordinated drafts for AFD 65-2, Management Control Program, and AFI 65-201, Management Control, have been submitted to the Air Force publishing division. They reflect the streamlined program requirements adopted in FY96. The revised Directive and Instruction will be included in the April and May updates, respectively, to the Air Force Electronic Publications Library. (Mr Ira Pearlman, SAF/FMPI, DSN 225-6707)

11. Semiannual Followup Reporting on Air Force Audits. It's that time of year again. We will soon be tasking all MAJCOM, FOA, and DRU's to provide Congress and DoD/IG with audit report data for the six months ending 31 March 1997. The information will include audit reports issued, recommendations closed, potential monetary benefits realized, and other audit in-

formation. In the last reporting period, there were 65 Air Force Reports of Audit issued that cited potential monetary benefits of \$642,081,548. We reported action taken on 64 recommendations, and realized monetary benefits of \$581,383,351.

The audit focal points within the Financial Management organizations are critical to the success of the followup process. They are responsible for ensuring that management completes corrective actions within specified time frames and that realized monetary benefits from audit recommendations are accurately reported. Timely and accurate information is also a critical responsibility in the followup process. Your continuing support in providing this information is appreciated. (Mr Geoff Brougham, SAF/FMPF, DSN 227-6051)

12. Defense Joint Accounting System—Air Force (DJAS-AF) Developmental Team Shapes Funds Control. The team established by SAF/FM to work jointly with DFAS in their development of a new general accounting system was originally called the Defense Financial Management System—Air Force (DFMS-AF). The system is now more commonly called the Defense Joint Accounting System—Air Force. On 27 February 1997, DFAS-DE, DJAS contractors, and budgeteers from across the Air Force met in Denver to shape the funds control capabilities of the new system during its concept design phase.

There will be no Program Summary Records (PSRs), Fund Summary Records (FSRs), etc., in the new system. DJAS uses what's currently called a work item code (WIC) for funds control. Although it's a radically different concept than what the Air Force is accustomed to, a WIC promises to provide much more flexibility than our current system. This increased flexibility comes primarily in the managerial control area, vice the legal limits

area. Basically, a WIC is a managerial tool for informal reporting—it is not part of the accounting classification. It provides the ability to accumulate dollars in a different way from the formal reporting classifications. In addition to accumulating dollars for reporting and management purposes, it will also be used to control spending. These informal funds controls can be set up at any level throughout our resource management system. This gives resource managers the ability to either monitor obligations that exceed targets or automatically stops them.

It was determined that the WIC would need to be modified from its current design to support the current Air Force functions in the same manner as today and to reduce the administrative workload inherent in the current design. The meeting also highlighted the need for further field work to ensure Air National Guard unique requirements are met. Additionally, the Air Force budgeteers liked what they saw in how DJAS will handle reimburse-

ments. The current concept of total obligation authority (TOA) will be replaced by a process of tying a customer order to each individual reimbursement action.

The DJAS-AF concept design phase will be complete by 30 April 1997. The next phase will be the detail design phase leading to a prototype. This phase is scheduled to be complete by January 1998. Air Force involvement is sure to continue as DFAS-DE strives to ensure its customer's needs are ultimately met. (Lt Col Mike Brown, SAF/FMPS, DSN 227-6465)

13. IMPAC Changes. For the past several months we have been working with the acquisition community to revise the Air Force IMPAC instructions to incorporate the procedural changes directed by the USD(C) that resulted from the DoD Integrated Product Team's recommendations. USD(C) is putting greater emphasis on streamlining the bulk funding and payment approval process for IMPAC purchases. Since the Air Force is bulk

funding IMPAC purchases, the greatest change for us will be the transfer of payment certification responsibilities from DFAS to the Air Force installation. We have looked at various options for performing this function. We believe the Financial Services Office (FSO) is the best location for performing payment certification because its personnel have the necessary training and access to the accounting system. With the FSO certifying the vouchers, we can implement a "pay and confirm" process whereby the invoice is certified by payment when received and verified after the fact. The "pay and confirm" process will maximize rebates and eliminate interest penalties with little or no risk to the Air Force since there is a 60-day dispute process for contesting IMPAC charges. The revised procedures will be provided to the commands in the near future. (Mr Jeff Arrington, SAF/FMPC, DSN 227-6410)

ROBERT F. HALE
Assistant Secretary of the Air Force
(Financial Management and Comptroller)